

STATE OF TEXAS
DEPARTMENT OF INFORMATION RESOURCES

CONTRACT FOR
MANAGED SERVICES FOR INFORMATION TECHNOLOGY

NORTHROP GRUMMAN INFORMATION TECHNOLOGY, INC.

1. Introduction

A. Parties

This Contract for services is entered into between the State of Texas, acting by and through the Department of Information Resources (hereinafter "DIR") with its principal place of business at 300 West 15th Street, Suite 1300, Austin, Texas 78701, and Northrop Grumman Information Technology, Inc. (hereinafter "Vendor"), with its principal place of business at 15010 Conference Center Drive, Chantilly, Virginia 20151.

B. Compliance with Procurement Laws

This Contract is the result of compliance with applicable procurement laws of the State of Texas. DIR issued a solicitation on the Texas Building and Procurement Commission's Electronic State Business Daily, Request for Offer (RFO) DIR-SDD-TMP-091, on December 8, 2006, for Managed Services for Information Technology. Upon execution of this Contract, a notice of award for RFO DIR-SDD-TMP-091 shall be posted by DIR on the Electronic State Business Daily.

C. Order of Precedence

This Contract; Appendix A, Standard Terms and Conditions For Services Contracts; Appendix B, Vendor's Historically Underutilized Businesses Subcontracting Plan; Appendix C, Services and Pricing Addendum; Appendix D, Sample Supplemental Agreement; Exhibit 1, Vendor's Response to RFO DIR-SDD-TMP-091, including all addenda; and Exhibit 2, RFO DIR-SDD-TMP-091, including all addenda; are incorporated by reference and constitute the entire agreement between DIR and Vendor. In the event of a conflict between the documents listed in this paragraph, the controlling document shall be this Contract, then Appendix A, then Appendix B, then Appendix C, then Appendix D, then Exhibit 1, and finally Exhibit 2. In the event and to the extent any provisions contained in multiple documents address the same or substantially the same subject matter but do not actually conflict, the more recent provisions shall be deemed to have superseded earlier provisions.

2. Term of Contract

The term of this Contract shall be three (3) years commencing on the last date of approval by DIR and Vendor. Prior to expiration of the original term, DIR and Vendor may extend this Contract, upon mutual agreement, for up to two (2) optional one-year terms.

3. Service Offerings

Services available under this Contract are limited to those Services described in Appendix C, Services and Pricing Index. Per Seat Pricing listed in Appendix C, Services and Pricing Index, is based upon current Standard Configurations for computers promulgated by DIR. Vendor may price alternate configurations and Customers may order alternate configurations based upon their business needs, however, basic-level services for Asset Tracking, Break/Fix of Vendor owned Equipment and Unwind will be included in the per seat price.

4. Pricing**A. Customer Price**

1) Pricing for services available under this Contract is detailed in Appendix C, Services and Pricing Index. Pricing included in Appendix C, Services and Pricing Index includes the DIR Administrative Fee. Pricing in Appendix C is not-to-exceed pricing.

2) Customers purchasing services under this Contract may negotiate more advantageous pricing or participate in special promotional offers. In such event, a copy of such better offerings shall be furnished to DIR upon request.

3) If pricing for services available under this Contract are provided at a lower price to: (i) an eligible Customer who is not purchasing those services under this Contract or (ii) any other entity or consortia authorized by Texas law to sell said services to eligible Customers, then the pricing in this Contract shall be adjusted to that lower price. This Contract shall be amended within ten (10) business days to reflect the lower price.

B. DIR Administrative Fee

The administrative fee specified in Section 5 below shall not be broken out as a separate line item when pricing or invoice is provided to Customer.

C. Tax-Exempt

As per Section 151.309, Texas Tax Code, Customers under this Contract are exempt from the assessment of State sales, use and excise taxes. Further, Customers under this Contract are exempt from Federal Excise Taxes, 26 United States Code Sections 4253(i) and (j).

D. Travel Expense Reimbursement

Pricing for services provided under this Contract are exclusive of any travel expenses that may be incurred in the performance of those services. Travel expense reimbursement may include personal vehicle mileage or commercial coach transportation, hotel accommodations, parking and meals; provided, however, the amount of reimbursement by Customers shall not exceed the amounts authorized by the current State Travel Regulations. Travel time may not be included as part of the

amounts payable by Customer for any services rendered under this Contract. The DIR administrative fee specified in Section 5 below is not applicable to travel expense reimbursement. Anticipated travel expenses must be pre-approved in writing by Customer.

E. Changes to Prices

Price decreases shall take effect automatically during the term of this Contract and shall be passed onto the Customer immediately.

5. DIR Administrative Fee

A. The administrative fee to be paid by the Vendor to DIR based on the dollar value of all sales to Customers pursuant to this Contract is three-quarters of one percent (0.75%). Payment will be calculated for all sales, net of returns and credits. For example, the administrative fee for sales totaling \$100,000 shall be \$750.00.

B. All prices quoted to Customers shall include the administrative fee. DIR reserves the right to change this fee upwards or downwards during the term of this Contract, upon written notice to Vendor. Any change in the administrative fee shall be incorporated in the price to the Customer.

6. Notification

All notices under this Contract shall be sent to a party at the respective address indicated below.

If sent to the State:

Sherri Parks, Service Delivery Division
Department of Information Resources
300 W. 15th St., Suite 1300
Austin, Texas 78701
Phone: (512) 475-4700
Facsimile: (512) 475-4759
Email: sherri.parks@dir.state.tx.us

If sent to the Vendor:

Tommy Johnson
Northrop Grumman Information Technology, Inc.
7745 Chevy Chase Drive, Building 5, Suite 100
Austin, Texas 78752
Phone: (512) 377-2222 Ext. 352
Facsimile: (512) 419-9311
Email: tommy.johnson@ngc.com

7. Sample Supplemental Agreement

Services provided under this Contract shall be based upon the Sample Supplemental Agreement as set forth in Appendix D of this Contract. Customers may negotiate the terms and conditions of a Supplemental Agreement to suit their business needs so long as the Supplemental Agreement terms and conditions do not conflict with this Contract.

8. Authorized Exceptions to Appendix A, Standard Terms and Conditions for Services Contracts.

A. Appendix A, Section 7, Vendor Responsibilities, Subsection A., Indemnification, 1) Acts or Omissions, is hereby restated in its entirety as follows:

Vendor Contract No. _____

Vendor shall defend, indemnify and hold harmless the State of Texas and Customers, their officers, agents, and employees from and against all claims, actions, suits, demands, proceedings, costs, damages and liabilities, including attorneys fees, arising out of, or resulting from any acts or omissions that are due to the partial or sole negligence or willful misconduct of the Vendor or its agents, employees, subcontractors, or suppliers of subcontractors in the execution or performance of the Contract and any Purchase Orders and Supplemental Agreements issued under the Contract. Vendor agrees to coordinate defense with the Texas Office of the Attorney General, as may be requested by DIR.

- B. Appendix A, Section 7, Vendor Responsibilities, Subsection J., Limitation of Liability, is hereby restated in its entirety as follows:

For any claim or cause of action arising under or related to the effective Supplemental Agreement or Purchase Order: i) none of the parties shall be liable to the other for punitive, special, or consequential damages, even if it is advised of the possibility of such damages; and ii) Vendor's liability for damages of any kind to the Customer shall be limited to the total amount paid to Vendor under the effective Supplemental Agreement or Purchase Order during the twelve months immediately preceding the accrual of the claim or cause of action.

- C. Appendix A, Section 8, Contract Enforcement, Subsection B., Termination 1), Termination for Non-Appropriation, is hereby restated in its entirety as follows:

For state agency Customers, Vendor will be provided thirty (30) calendar days advance written notice. For non-state agency Customers, Vendor will be provided ten (10) calendar advance written notice, subject to negotiation of a longer notice period in the applicable Supplemental Agreement. In the event of such termination for non-appropriation, Customer shall pay Vendor for completed services performed through the effective date of termination and work in progress to the effective date of termination.

- D. Appendix A, Section 8, Contract Enforcement, Subsection B., Termination, 3) Termination for Convenience, is restated in its entirety as follows:

A. Termination for Convenience by Customer. In the event of such termination for convenience, Customer shall pay Vendor for completed services performed through the effective date of termination, work in progress, and reasonable severance costs incurred as a result of such full or partial termination and the unamortized hardware, software, and lease cost. DIR or Vendor may terminate the Contract, in whole or in part, by giving the other party thirty (30) calendar days written notice. Customers may terminate Supplemental Agreements or Purchase Order for convenience, upon thirty (30) days advance written notice to the Vendor. In the event of such notice of termination for convenience, Customer shall pay Vendor for completed services performed through the effective date of termination, work in progress, and reasonable severance costs incurred as a result

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of such full or partial termination and the unamortized hardware, software, and lease cost.

- B. Termination for Convenience by Vendor. In the event Vendor terminates the affected Supplemental Agreement or Purchase Order for any reason other than breach of the affected Supplemental Agreement or Purchase Order by the Customer, Vendor will provide formal written notice to the Customer at least one hundred and eighty (180) days in advance. Vendor may provide transition assistance on a case by case basis as mutually agreed to by each Customer.
- E. Appendix A, Section 8, Contract Enforcement, Subsection B., Termination, 6) Vendor Rights Under Termination, is hereby restated in its entirety to read as follows:

Vendor Rights Under Termination. In the event a Purchase Order, Customer Supplemental Agreement or the Contract expires or is terminated for any reason other than non-appropriation, a Customer shall pay all amounts due to Vendor for completed services performed through the effective date of such termination, work in progress, and reasonable severance costs incurred as a result of such termination and the unamortized hardware, software, and lease cost. The Vendor's remedy in the event of non-appropriation is as set forth in Appendix A, Section 8 B. 1.

This Contract is executed to be effective as of the date of last signature.

**Northrop Grumman Information
Technology, Inc.**

**The State of Texas, acting by and through the
Department of Information Resources**

Authorized By: *signature on file*

Authorized By: *signature on file*

Name: Brian L. Tulga

Name: Cindy Reed

Title: Contracts Director

Title: Interim Director of Service Delivery

Date: 5/24/07

Date: 5/29/07

Legal: *signature on file 5/29/07*